

## Message Text

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ORIGIN EA-09

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 L-03 PRS-01 OMB-01 TRSE-00 ACDA-07 MC-02 EB-07

SSO-00 NSCE-00 INRE-00 IGA-02 AID-05 /071 R

DRAFTED BY EA/TB:FJTATU:CHG

APPROVED BY EA - MR MILLER

PM/SAS:SWINSHIP

DOD/ISA - RADM CROWE

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O P 292300Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK IMMEDIATE

INFO SECDEF PRIORITY

CINCPAC

COMUS MACTHAI

CSAF

CSA

S E C R E T STATE 103985

E.O. 11652: GDS

TAGS: MARR, MASS, TH

SUBJECT: AMMUNITION IN THAILAND (AIT) PROGRAM

REF: (A) BANGKOK 11511; (B) CINCPAC 280020Z APRIL 76;  
(C) BANGKOK 11772

1. THE AIT QUESTION HAS BEEN UNDER INTENSE STUDY HERE,  
AND EVERY EFFORT IS BEING MADE TO MAKE THE PRICING AS  
REASONABLE AS LEGALLY POSSIBLE. WE AND DOD ARE PURSUING  
WHAT FLEXIBILITY THERE MAY BE IN DETERMINING THE LOWEST  
PRICE LEGALLY CHARGEABLE TO THE RTG, BUT OUR FLEXIBILITY  
IN THESE MATTERS IS LIMITED AND NO APPRECIABLE REDUCTION  
SEEMS LIKELY. THIS SHOULD NOT CAUSE DELAY IN FURTHER

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APPROACHES TO THE RTG TO DETERMINE THAI PRIORITIES. THE

ESTIMATED TOTAL PRICE TAG IS NOT THE PERTINENT FIGURE, BUT RATHER THAT RELATING TO THOSE PORTIONS OF AIT WHICH THE RTG IS INTERESTED IN ACQUIRING.

2. WE ASSUME THAT THE THAI WILL NOT WANT THE ENTIRE AIT LOT, WHICH THE \$65 MILLION ESTIMATE REPRESENTS. IT WOULD SEEM, THEREFORE, THAT THE FIRST STEP WOULD BE TO PRESENT THE APPROPRIATE SUPREME COMMAND AUTHORITIES WITH THE AIT INVENTORY FOR AN EXPEDITIOUS DETERMINATION BY THEM OF PRECISELY WHAT LOTS THEY WOULD LIKE TO ACQUIRE. ONCE THIS

IS ACCOMPLISHED, WE CAN DETERMINE A MORE SPECIFIC PRICE FOR THOSE PORTIONS AND BEGIN RETROGRADE OF THE REMAINDER. BECAUSE OF LOGISTIC LIMITATIONS, OF WHICH YOU ARE AWARE, CSA STRONGLY BELIEVES RETROGRADE MUST BEGIN NOT LATER THAN MAY 4.

3. RATHER THAN ADVANCE PAYMENT (REF A, PARA 2) AUTHORIZATION CAN BE ACCORDED FOR PAYMENT IN 120 DAYS, PROVIDED LOA IS SIGNED BEFORE PENDING FY 76 SECURITY LEGISLATION BECOMES LAW. AS PREVIOUSLY INDICATED, THE RTG CAN ASK TO APPLY MAP OR FMS CREDITS AGAINST ITS AIT PURCHASE, BUT THE FY 76 PROGRAM IS STILL UNCERTAIN, AND NO COMMITMENTS CAN BE MADE AT THIS TIME.

4. IF THE PURCHASE ON THE ARMY LOA IS TO BE IN EXCESS OF \$25 MILLION, IT WILL BE NECESSARY TO SUBMIT IT TO CONGRESS IN ACCORD WITH SECTION 36(B) OF THE FMSA. STEPS ARE ALREADY UNDERWAY FOR PRIOR NOTIFICATION TO THE CONGRESS OF THIS POSSIBILITY.

5. IT SHOULD BE MADE CLEAR TO THE RTG THAT PRESSURE FOR DECISION ON THE AIT PURCHASE IS A CONSEQUENCE OF THE THAI DECISION TO REQUEST DEPARTURE OF THE LAST U.S. FORCES BY JULY 20, A REQUEST WHICH POSES INFLEXIBLE DEADLINES. UNDER THE CIRCUMSTANCES, WE DO NOT CONSIDER IT ESSENTIAL TO U.S. INTERESTS TO MAKE EXTRAORDINARY PRICE CONCESSIONS IN ORDER TO SWEETEN THE DEAL FOR THE RTG, PARTICULARLY IN LIGHT OF THE QUANTITIES OF MATERIEL AND SUPPLIES WHICH HAVE BEEN PROVIDED THE RTG

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GRATIS OR ON VERY FAVORABLE TERMS OVER THE PAST YEAR. AT THE SAME TIME, WE DO NOT WISH TO PROVOKE A CONFRONTATION WITH THE RTG WHICH COULD RESULT IN IMPEDING OUR ORDERLY RETROGRADE OF URM OR OTHER U.S. SERVICE PROPERTY IN THAILAND. ACCORDINGLY, WE HAVE TOLD DOD THAT COMMENCEMENT OR AMMO RETROGRADE DIRECTED FOR MAY 4 MUST BE CONTINGENT ON EMBASSY CLEARANCE.

6. ANAN'S ASSERTION (REF C) THAT AIT WHICH IS NOT PURCHASED MUST HAVE BEEN RETROGRADED BY JULY 20 IS NOT HELPFUL. THE AIT IS USG PROPERTY. IN THE EVENT THAT IT PROVES IMPOSSIBLE TO ACCOMPLISH RETROGRADE FOR THE REMAINDER BY JULY 20, IT CAN BE TRANSFERRED TO SOME OTHER USG ENTITY SUCH AS JUSMAG FOR RETENTION OF TITLE UNTIL COMPLETION OF RETROGRADE IS POSSIBLE. SIMILARLY, KRIANGSAK SHOULD BE APPROPRIATELY DISABUSED OF THE NOTION THAT WE HAVE AVAILABLE ANY MECHANISMS WHEREBY THE AIT CAN BE TURNED OVER TO THE RTG AS A GIFT.

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